



**King County Mental Health Chemical Abuse and Dependency Services Division
2002 Briefing Paper**

AVAILABILITY OF ADDITIONAL FEDERAL MATCH DOLLARS

BACKGROUND:

In order to offset part of the state funding cuts to King County Regional Support Network (RSN) at no additional cost to the state, King RSN is expressly permitted to draw down additional federal funding based on our ability to provide local matching dollars. The amount of match we can draw down is limited to 2.1% of our state funding in State Fiscal Year (SFY) 02 and to 3.5% in SFY 03, up to the amount of match we have available.

ISSUES/CHALLENGES:

King RSN had more than sufficient local funds to match at the 2.1% rate in SFY 02. The rate of \$1.66 per Medicaid enrollee per month was put into the RSN's Prepaid Health Plan contract and program funding decisions were made based on our ability to draw down those funds.

Because King RSN had additional match dollars available in that period, we informally requested the state Mental Health Division (MHD) to increase the contract rate in SFY 02 to allow us to draw down as much as we could match. Because these are federal funds, there is no additional cost to the state. However, our request was denied. Due to the economic downturn causing more citizens to qualify for Medicaid coverage, the state had paid out more funds in its per member per month Prepaid Health Plan payments than anticipated. This meant that they had reached the limit of their spending appropriation and were approaching the Upper Payment Limit established by the federal government for Washington state. The MHD did not reduce payment to King RSN and did honor the contracted rate, but it did not permit additional draw-down of federal funds that would have helped to offset the funding cuts made by the state.

Earlier in SFY 02 before the impact of additional eligibles was known, the state MHD made a commitment to King County community mental health providers that King RSN would be allowed to maximize the amount of federal additional dollars it could draw down, limited only by the match available. Although the letter of the contract has been met, this commitment has not been kept.

DATA:

Local Match Availability

		Proj SFY 02	SFY 03
Local Match Available		\$3,487,418	\$3,809,595
Match Used to Draw Down		\$1,452,085	\$3,588,160
Federal Funds			
Federal \$ Not Utilized		(\$2,035,333)	(\$221,435)

RECOMMENDATION/LEGISLATIVE ACTION:

King County supports raising the allowable local match amount above the current designated amount. If the local match amount is raised, King RSN will attempt to secure more local dollars to draw down federal funds. King RSN needs some assurance that the state will be able to meet its commitments in the future. King RSN is making plans based on the assumed availability of funding that the state has committed, but our inability to maximize funding in SFY 02 makes us concerned about being able to keep our own commitments. While we appreciate that the MHD met the letter of its contract with King RSN, we are concerned about future ability to do so, and the continuing impact of reductions in funding.